

EXHIBIT AA

DRAFT

Seoul Eastern District Court Report

1st

Case: 2023Reo26 Judicial cooperation (Request for taking of evidence)

Judge: Soeun Yang

Hearing date: 14:00, January 15, 2024

Court's assistant junior official: Gangwon Jeon

Location: Court room 308

Public/not public: Public

The case and the name of the party were called

Plaintiff's legal counsel: Attorney-at-law Wonsik Yoon

Attended

Defendant's legal counsel: Attorneys-at-law Joonho Lee, Sangmi Baik

Each attended

Witness: Hanju Kim

Attended

Judge

Ordered to record the witness' testimony following provisions of Article 159 Paragraph 1 of the Civil Procedure Act and notified the party of this fact

Examined the witness as shown in the separate report

Ended

Court's assistant junior official: Gangwon Jeon



Judge: Soeun Yang



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Seoul Eastern District Court Witness Examination Report

(Part of the 1st report of January 15, 2024)

Case: 2023Reo26 Judicial cooperation (Request for taking of evidence)

Witness: Name: Hanju Kim

Date of birth: August 11, 1980

Address: 9-103, 15, Olympic-ro 4-gil, Songpa-gu, Seoul (Jamsil-dong, Asia
Seonsuchon Apartment)

Judge

Stated the purpose of the oath to the witness, warned about the penalties for perjury,
and had the witness take oath following the separate affidavit.

The examination of the witness is the same as the court recording system's recording file
(unique number: 000211-20230200000026-240116131645).

Court's assistant junior official: Gangwon Jeon



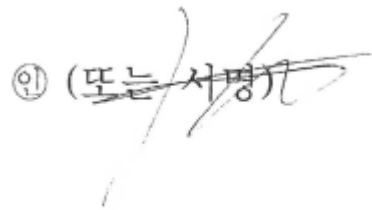
Judge: Soeun Yang



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Oath

I swear that I will tell the truth, the whole truth, and
nothing but the truth in good conscience,
and that if lie,
I will do so under the penalty of perjury.

A handwritten signature in black ink, appearing to be '인 (또는 서명)' with a stylized flourish.

Witness Hanju Kim

Date of birth: August 11, 1980

A1670

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Verifier



Seoul Eastern District Court Transcript

| | |
|------------------------|--------------------------------|
| Case number | 2023Reo26 |
| Hearing date | 14:00, January 15, 2024 |
| Location | Room 308 |
| Content of stenography | Testimony of witness Hanju Kim |
| Total number of pages | 97 pages |
| Note | |

I submit the attached transcript that was written following the provisions of Article 35 of the Civil Procedure Rules.

January 15, 2024

Court reporter: Yoonmi Kim



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expand its easy payment business, especially expand within Korea, so they split in order to make clear their own respective business purposes, as far as I remember.

Q. Then, Terra had to speed things up in order to quickly adapt to an even more rapidly changing environment while it wasn't necessary to rush the Chai Pay easy payment business, so there was a gap in terms of pace. Does this mean working on both projects in parallel disrupted Terra's work regarding blockchain? It sounds like one side had to rush things in response to the rapid changes while Chai Pay didn't have to - was this because some kind of regulatory issues were getting in the way?

-23/97-

A. No, I don't think there were particular regulatory issues. Nevertheless, Chai had to take a conservative stance as an easy payment service provider, a finance-related company. Since it had already acquired a license, it had to run the business from a conservative stance. It was merely connected with blockchain. Then, as I mentioned, Terra had a way bigger purpose of spreading the stablecoin, so the decision was made to make clear such directions.

Q. At that time, Korea's regulatory authorities... Chai Pay is supposed to be an easy payment business, and registration and licenses are necessary to run an easy payment business. Were there any regulations or things of that sort with regards to running such business by using Terraform's blockchain?

A. I didn't know much about whether such regulatory issues existed or not since I am an engineer, but I don't think there were legal restrictions against using blockchain. As I mentioned earlier, however, since Chai was an easy payment provider that had to be 100% compliant with the authorities' regulations, it had to operate in a slightly conservative manner - this was the level of understanding that I had.

Q. Is Chai a payment service provider of the Republic of Korea?

A. Yes, it is, although the goal was to go global.

Q. Since you already mentioned that you've worked at Chai, I will skip number 30. Number 31 was asked earlier. For number 32, you said you were involved in both companies when it comes to technical matters. I will skip to number 34. It seems like Chai and Terraform collaborated - how did they do so?

A. Chai and Terraform were in a collaborative relationship where transactions occurring on Chai were generated on the Terra blockchain as KRT transactions. I am speaking in technical terms.

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Q. To repeat that, a transaction that occurred on Chai... once a transaction was made via Chai Pay, this transaction was moved to the Terra blockchain - was this the task?

-24/97-

A. No, it was generated by converting into a KRT transaction, not moving. This is from my engineering perspective. Since Chai was designed in the first place as a service linked with the Terra blockchain, this was the collaborative relationship. I would put it that way.

Q. You mean, once a transaction takes place on Chai Pay, this was converted into a KRT transaction, right?

A. Yes.

Q. How should I understand what it means to convert a transaction that occurred on Chai into a KRT transaction? Payments on Chai were made through traditional currency or traditional payment methods, right?

A. What do you mean by traditional?

Q. Traditional payment methods are the most general ones such as paying cash or paying with a credit card. When consumers make transactions through Chai Pay, I am aware that consumers usually make payments with cash or card or the likes, the traditional payment methods, right? That's how things worked in Chai Pay?

A. I think you are referring to other easy payments when you say traditional. At the time, there were a lot of easy payments being launched. So, I don't think they were traditional, but anyway, the difference is that it was linked to the Terra blockchain. It worked that way in the backend, meaning it had an additional element on top of the traditional part you mentioned.

Judge to the witness

Q. Did Chai provide mere easy payment services that did not use Terra?

A. Yes.

Q. What was the proportion? Approximately what was the amount of easy payments that were made using the Terra blockchain technology?

-25/97-

A. The ledger information in Chai was 100% made into KRT transactions... what is the intention behind the question...?

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Q. When it comes to easy payments, easy payment using blockchain was available, and other easy payments using mobile phones or credit cards which were not linked to blockchain technology were also available. If, as you just mentioned, Chai offered to consumers both those that used blockchain and those that did not, approximately what did the proportion look like? We're asking what percentage of transactions were made using blockchain versus not using blockchain.

A. It was 100% linked to the Terra blockchain in the backend. I don't know what the percentage was when it comes to user top-up, but there was a function that allowed users to top-up Chai points with KRT. I don't know the percentage of use, but there was such a function.

Q. Then, can I take it that everything that was offered used blockchain?

A. Yes, it is a service where all of Chai's ledger information uses and is linked with the KRT Terra blockchain ledger.

Q. In that case, can I take it that other general services that did not make use of the Terraform blockchain technology were not provided to consumers? Everything was linked?

A. At a certain point Chai cut off the linkage as far as I remember, but up to that point, yes.

Plaintiff's counsel to the witness

Q. Chai Pay is an easy payment service, right? It is an easy payment service similar to those like Naver Pay, and isn't it true that when it comes to these general easy payment services, consumers put in cash or credit card when they purchase goods and ultimately that is used to make payment? Then, also in the case of Chai Pay, when subscribers of Chai Pay purchase goods from a merchant or use a service, the users of Chai Pay in the end would be doing so by putting in money similar to how Naver Pay works, but the Terra project advertised that "payments are made through the Terra blockchain," right? (cont'd)

-26/97-

Q. For such payments, it was stated that you made payments with blockchain, but do ordinary people actually make payments with blockchain? Then, the linkage in the backend, how it was linked is something to be examined, but was there an actual case where the payment itself was made via blockchain?

A. You referred to promotional materials - which promotional material would that be? I need to know that to answer your question.

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Q. Anyway, Terra ... although we are an easy payment business, we use blockchain to make payments... Was this stated... Well, can you say so or not?

A. I need to know where and how such a statement was made in order to tell you if it's true or not. I am not the PR person.

Q. Then cross that out. I will change the question. "When it comes to easy payment in Chai Pay, the payment is made with the Terra blockchain." Can you say so?

A. Chai and Terra are linked. The Chai easy payment and Terra blockchain are linked. I am using this expression repeatedly.

Q. When you say they were linked, does it mean that payments are made by the Terra blockchain? Linkage is when two things are connected together, and you keep using the word link. When you say Chai Pay and Terra blockchain were linked, do you mean transactions were actually made with the Terra blockchain? Or does it mean that while payments were made traditionally on Chai Pay, it was simply linked in the backend so they were linked? What do you mean by link?

A. It was not mere linkage in the backend. I rigorously developed the algorithm and I personally made enormous efforts to link it to the Terra blockchain from the beginning, so it should be seen as one whole thing in its entirety, included in the whole payment process.

-27/97-

Judge to the witness

Q. Could you explain the linkage system you developed in a slightly easier way regarding how blockchain is used from the point a consumer makes payment to the point where it is processed? Let's say I paid for a good that is 1,000 KRW using the Chai linkage program. What happens next?

A. Yes, in that case, you are subscribed and you have Chai points topped-up.

Q. What do I top-up Chai points with?

A. There are two ways. One is to link to a bank.

Q. A bank account?

A. Yes, and then, there is the function of topping-up with KRT by connecting with the Terra station. These were the two ways.

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Q. Please roughly explain what the context or background was behind this conversation based on your recollection.

-69/97-

A. Yes. Around this time I think there was a situation where the LP server operation, or KRT, I mean, the KRT transactions that correspond with Chai transactions, due to Chai, did not occur. In other words, a situation that was described as “down.” If you look at the first line, Paul Kim is myself. ‘lp-watcher’ is a project that plays the role of, in case there is an incident like this one, giving you an alert, indicating that “KRT transaction is not working, so you should look into this.” It is a project like that.

Q. Notifying that a problem occurred?

A. Yes, yes, yes, that was the background to this conversation.

Q. Item b. If you look at the yellow-highlighted part in the middle starting with “In short,” you wrote that the LP server “basically replicates chai transactions.” What did you mean by this? There were a lot of discussions on this point earlier, so, to sort things out, could you please explain what you meant by ‘replicating’ from your point of view?

A. Yes. At first, I tried to explain, but since Etienne is also a DevOps engineer, I wanted to just quickly move onto a conversation between engineers, a casual explanation. There is a database jargon called database replication. Etienne here is a DevOps engineer, so, of course, he has a certain level of knowledge about the database, and the purpose of database replication is to enhance the stability of certain data, as well as failure response, coordination in the face of failure, and data accessibility, and things like that. Storing the content in multiple databases for such purposes is described as replicating. This is the intent behind what I said there.

Q. From an engineer’s point of view, does the word “replicate” have a different meaning from “copy” in layman’s terms?

A. Yes. From an engineering standpoint, the word would not be understood as simple duplicating or copying. The word would be understood to entail the purpose of enhancing stability, coordination in the face of failure, and accessibility.

-70/97-

Q. Item c. Were the blockchain transactions that were generated in accordance with the Chai transactions real transactions? Or were they a mere copy of the records?

A. They were real KRT transactions, and not a mere copy.

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Q. In that case, is it true that certain value, value was transferred between the user's wallet and the merchant's wallet, in other words, an account of some sort?

A. Yes. They are transfer records of KRT token stablecoins.

Q. Is it correct that, using blockchain technology, an accurate ledger about various information, such as buy, discount, refund, reward, and merchant payment, was gained from Chai?

A. Yes, from Chai. From Chai.

Q. Thanks to, by using such blockchain technology?

A. Yes, yes, yes, it is correct that it was used.

Q. Looking at this conversation once again, Etienne goes, "So basically Chai was still working, but no transactions on the blockchain so no rewards." The part that starts with "So basically chai was still working." He says this and you answer "Correct." What was your understanding of his statement that basically Chai was still working, but there were no rewards because there were no transactions on the blockchain? How shall we understand this statement?

A. When the LP server stops, KRT transactions are not uploaded to the blockchain. There is no problem on the Chai side, but there would be no transactions because of a problem of stoppage on this side. As a result, the gas fee for the LUNA Stakers is not distributed. This is how you can understand the statement.

Q. There is no problem with Chai transactions, but when the blockchain transactions are suspended, the resulting gas fee is not generated, and therefore, there are no rewards. Is this the correct way to understand this?

-71/97-

A. Yes, yes. There is an omitted part after "no rewards," which is "to the delegators." So, no rewards to the LUNA delegators.

Q. Item g. So, according to your explanation, if the Terra blockchain is down, or the LP server is down and not in operation, during that time, the rewards, as Etienne put it, are not generated as Etienne mentioned. Correct?

A. Yes. During that.

Q. During that time?

A. Yes, yes.

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A. Yes.

Q. Item d. It only says 'Terra's blockchain technology is utilized for a payment service,' and it is 100% true that Chai and Terra utilized Terra's blockchain technology for a payment service at that time, correct?

A. Yes.

-79/97-

Q. Item e. Is it correct to understand that Chai and Terraform Labs divided work in the following way: Chai provided the traditional infrastructure of a payment gateway, and Terraform Labs provided the blockchain infrastructure?

A. Yes, correct.

Q. When did this division of work start? Roughly, in terms of timeline?

A. From the beginning.

Q. From the beginning of the Chai Pay business?

A. Yes.

Q. To sum up, Chai utilized the blockchain technology to process and settle transactions through partnership with Terraform Labs. Is this understanding correct?

A. Yes, correct.

Q. Number 24. I will just read the material without showing you, so please listen carefully. This is from an article published on the same Medium page about 10 days later. On June 21, 2019, Terraform Labs uploaded an article on the Medium page, and explained, "Simply put, Chai operates on the Terra Columbus mainnet, recording transactions and managing account balances. It is integrated with most of major domestic banks, enabling checkout with just a few clicks without having to manage wallet addresses, QR codes, personal keys, etc., which is an intrinsic characteristic of a blockchain service. Chai consolidates all user purchase behaviors in a unit of 10 to 15 seconds in a batch and submits the batch transactions to the Columbus blockchain. For each batch transaction, it pays a certain percentage of stability fee and awards block rewards to network stakeholders. Over the past 2 days, approximately 26k batch transactions have been conducted with Chai." Have you heard about this explanation or seen this article?

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A. No. I did not read the article thoroughly. But, what you said just now did not sound self-contradictory.

Q. You do not remember the material, but from your point of view, is what I explained just now in line with what Terraform Labs explained back then? Is it different from reality?

-80/97-

A. What you said is in line with reality.

Q. What I told you is all correct.

A. Yes.

Q. I will skip the next paragraph. All the blockchain transactions corresponding to Chai transactions that were conducted on the Terra network were real transactions, correct?

A. Yes, they were real transactions.

Q. And this was briefly mentioned earlier, but blockchain wallet addresses, QR codes, personal keys, etc. were all created and managed on the backend, so users did not need to manage them separately, correct?

A. Yes, correct.

Q. In fact, customers do not need to know those things, do they?

A. If they knew, it would not be an easy payment.

Q. If the customers knew every single thing and managed them, then it would not be called an easy payment.

A. Correct.

Q. Was this the same for the merchant wallets?

A. Yes.

(Presents Exhibit F (2020.3.18., Agora proposal about Chai seigniorage allocation))

Q. Number 25. We have a new material, Exhibit F. This is a one-page document about seigniorage, marked F1. Please have a look. Do you remember this seigniorage funding proposal?